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STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

S.B. No. 10 – AN ACT CONCERNING STANDARDS FOR THE USE AND SHARING OF DRIVER INFORMATION CAPTURED BY MONITORING DEVICES OPERATED BY INSURERS

COMMITTEE ON INSURANCE AND REAL ESTATE

February 10, 2015

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on Senate Bill No. 10, legislation requiring the Insurance Commissioner to establish standards relative to the use, sharing and retention of driver information captured by monitoring devices. PCI is a national property casualty trade association comprised of over 1,000 member companies. PCI member companies write approximately 44 percent of all auto insurance sold in Connecticut.

Usage based insurance is a recent insurance innovation which uses telematics technology to track mileage and driving behaviors such as number of miles driven, time of day a vehicle is driven and a driver's acceleration and braking patterns. Having this data enables insurers to more accurately assess risk and better align pricing to risk. This data allows insurers to make premium pricing more individualized and precise.

The use of telematics by insurers is a relatively new practice with many potential benefits. In addition to allowing for more precise pricing, telematics can also encourage safer driving behaviors. For example, this technology can be used to block a driver's ability to send text messages or make phone calls while driving, thereby eliminating that behavior which has been found to pose a major driving risk. In fact, the New York insurance regulator found the potential safety benefits of the use of telematics to be so compelling that the Department of Financial Services issued guidance in 2014 encouraging carriers to explore the benefits of telematics and inviting filings employing telematics.

It should be noted that telematics technology is quickly evolving with new innovations being developed on a regular basis. PCI opposes this legislation because we are concerned that by requiring the adoption of regulations relative to the use of this technology, innovation in this regard could be thwarted and CT drivers could be denied the safety and other benefits which are associated with the use of this technology. PCI is also concerned that this legislation would require telematics to be utilized in a "consistent" manner in underwriting and rating. Telematics is currently utilized in many different ways by different insurers and it is expected that this will continue as telematics technology continues to advance. PCI would submit that this is a good thing because it gives consumers more choices so that they can shop around and find the insurance policy which best fits their needs. PCI is concerned that requiring consistency relative to the use of telematics by insurers would

result in one-size-fits-all policies which would thwart innovation and reduce consumer choice.

It should be noted further that auto insurance filings are currently filed and reviewed by the Insurance Department. The Department reviews the data associated with an insurer's use of telematics in conjunction with such filings and would not approve such filings in the event that such use was not actuarially appropriate. Accordingly, promulgating regulations relative to the general use of this technology is not necessary because such use is already being reviewed by the Insurance Department on a case by case basis in conjunction with auto insurance filings.

PCI is not opposed to reasonable regulations relative to the sharing and retention of telematics driving data, provided that such provisions do not present unreasonable compliance burdens which could thwart the use and advancement of this important technology. As stated previously, however, PCI does oppose requiring regulations relative to the use of this technology by insurers and requiring that such use be consistent because we believe that such regulations would stifle innovation relative to this important technology and reduce insurance choices for CT drivers.

For all of the foregoing reasons, PCI urges the committee NOT to advance this bill.